



Ernie Fletcher
Governor

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Mark David Goss
Chairman

Teresa J. Hill
Vice Chairman

Gregory Coker
Commissioner

October 6, 2005

RE: Case No. 2005-00123

We enclose one attested copy of the Commission's Order in the above case.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/sh
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE JOINT PETITION OF KEITH)	
FAIRCHILD, APPALACHIAN WASTE)	
CONTROL, INC., LANCE BOWLING,)	
EAST KENTUCKY WASTE CONTROL)	
(DBA) AND LARRY STAMBAUGH AND)	CASE NO. 2005-00123
THE PURCHASE OF CERTAIN)	
RESIDENTIAL SEWER LEASE)	
CURRENTLY OPERATED BY)	
APPALACHIAN WASTE CONTROL, INC.)	

ORDER

On March 23, 2005, Keith Fairchild d/b/a Appalachian Waste Control, Inc. ("Appalachian"), Lance Bowling d/b/a East Kentucky Waste Control, and Larry Stambaugh d/b/a S&L Waste Control (collectively "Joint Petitioners") tendered their application requesting Commission approval of the transfer and acquisition of control of the residential sewer operations operated by Appalachian. Because of filing deficiencies in this application, the Commission did not accept it for filing until August 31, 2005.

Pursuant to KRS 278.020(6), the Commission has 60 days in which to consider an application for approval of the transfer and acquisition of control, unless it is necessary, upon a finding of good cause, to continue the application for an additional 60 days. Based on our review of the application, we find that the application lacks sufficient documentary evidence of the acquiring party's ability to provide reasonable utility service and that the lack of this information constitutes good cause to continue the

statutory review period from 60 to 120 days. The Commission further finds that a procedural schedule should be established to review and investigate the merits of the pending application.

IT IS THEREFORE ORDERED that:

1. The period for review of the pending application is continued for an additional 60 days.
2. The procedural schedule set forth in Appendix A, which is attached hereto and incorporated herein, shall be followed.
3. All requests for information and responses thereto shall be appropriately indexed and 6 copies shall be filed with the Commission, with copies to all parties of record. Any request for information from the Commission Staff shall be responded to as if set forth in a Commission Order. All responses shall include the name of the witness who will be responsible for responding to questions at any hearing in this proceeding related to the information provided.
4. Joint Petitioners shall, in accordance with Ordering Paragraph 3, file with the Commission and serve upon all parties of record no later than October 21, 2005, the information listed in Appendix B to this Order.
5. Joint Petitioners shall give notice of the hearing in accordance with the provisions set out in 807 KAR 5:011, Section 8(5). At the time publication is requested, Joint Petitioners shall forward a duplicate of the notice and request to the Commission.

6. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

Done at Frankfort, Kentucky, this 6th day of October, 2005.

By the Commission

ATTEST:

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2005-000123 DATED October 6, 2005.

Joint Petitioners shall file with the Commission the information set forth in Appendix B no later than 10/21/2005

All requests for information to Joint Petitioners shall be served on Joint Petitioners and filed with the Commission no later than 10/31/2005

Joint Petitioners shall serve upon the parties and file with the Commission their responses to supplemental requests for information no later than 11/10/2005

Last day for Joint Petitioners to publish notice of hearing date(to be scheduled)

Public Hearing is to begin at 9:00 a.m., Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 211 Sower Boulevard, Frankfort, Kentucky, for the purpose of cross-examination of witnesses (to be scheduled)

Commission decision on Joint Petitioners' Application shall be issued no later than 12/29/2005

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2005-000123 DATED October 6, 2005.

1. Refer to page 2 of the Application.
 - a. Joint Petitioners state that, “The Net Value of all the units in question, although not specifically assessed, would have to be less than (\$20,000.00) twenty-thousand dollars in total value.” Provide an explanation of this statement.
 - b. Joint petitioners state that “the operations in question will be financially self sufficient since the Petitioner will perform all upkeep, maintenance and repairs without cost to the operation itself.” Does this mean that Mr. Stambaugh is planning to donate all labor and parts for maintenance and repairs? If no, explain the statement.
 - c. Provide estimates of the annual operating revenues and expenses for S&L Waste Control. Include all calculations, assumptions, and workpapers used by S&L Waste Control used to develop its estimates.
 - d. Joint Petitioners state that Highland Accounting has been obtained for maintaining books and accounts receivable. Will Highland Accounting be performing the billing and collecting functions after the transfer? If no, identify the person or entity that will prepare the billing and process collections.
 - e. Joint Petitioners state that Mr. Stambaugh “has managerial skills at his current employment with the Paintsville Utilities to manage the financial aspects of said operation.” Describe the managerial skills acquired as a result of Mr. Stambaugh’s current employment.

2. Refer to the Transfer Agreement (“Agreement”) attached to the Application.

a. East Kentucky Waste Control is referred to as the seller but the Agreement later indicates that the Appalachian Water Control Inc. is a party to the agreement. (It is assumed “Appalachian Water Control, Inc.” is a typo and was meant to have read “Appalachian Waste Control, Inc.”) Specify which party is the seller.

b. The Agreement provides for the transfer from the seller to the buyer “for and consideration of the payment of all ad valorem and/or outstanding property taxes.” Provide the amount of the ad valorem and property taxes currently outstanding for which the buyer will be responsible.

c. The Agreement also states that “[t]he parties agree this agreement is not the buy or sell of Appalachian Water (sic) Control Inc. but only those components contained herein.” Provide a list of those components along with their original cost and accumulated depreciation to date.

3. Provide Mr. Stambaugh’s 2003 and 2004 tax returns.

4. Provide all current Kentucky Division of Water (“DOW”) KPDES permits for Appalachian Waste Control, Inc. and/or East Kentucky Waste Control.

5. Has S&L Waste Control contacted DOW to request that the KPDES permits be transferred? If yes, provide copies of the requests to DOW. If no, when does S&L Waste Control expect to contact DOW about the discharge permits?

6. Has Appalachian Waste Control, Inc. and/or East Kentucky Waste Control received any Notices of Violation (“NOV”) from the DOW in 2004 or 2005? Provide each NOV and all Agreed Orders that were entered into as a result of the NOV.

7. Explain why Appalachian Waste Control, Inc.'s tariff on file with the Commission does not include a rate for customers in the subdivisions of Paradise Valley and Neil Price Estates. Provide the rate(s) being charged to these customers.

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